

Investment Approach

Clime's investment approach seeks to deliver strong risk adjusted total returns to investors over the long term. Clime focuses on delivering consistent strong results by identifying undervalued companies and, via the macroeconomic overlay, enhancing return and managing risk. We strive to ensure that risks taken in the portfolio are appropriately compensated and employ a decision framework of:

- Capital deployed;
- At what risk;
- For what likely outcome.

Net Tangible Assets (NTA)

	February	January	December
NTA before tax	\$0.94 ¹	\$0.94	\$0.95
NTA after tax	\$0.93	\$0.93	\$0.93
CAM Share Price	\$0.875	\$0.885	\$0.905
Trailing 12 months dividends	5.00 cents	4.95 cents	4.95 cents
Yield Excl. Franking	5.7%	5.6%	5.5%
Yield Incl. Franking	8.2%	8.0%	7.8%

¹ On 19 February 2018, the Board declared a fully franked dividend of 1.25 cents per share in respect of the Company's ordinary shares for the period 1 January 2018 to 31 March 2018. This dividend will be paid on 27th April 2018. NTA before and after tax disclosed above for February 2018 is before the effect of this dividend payment.

Company Overview (\$m)

Australian Securities	\$85.21
International Securities	\$8.29
AUD Cash & Equivalents	\$8.70
USD Cash & Equivalents	\$3.43
Gross Portfolio including Cash	\$105.63
Notes Payable at face value of \$0.96	(\$21.39)
Net Tangible Assets	\$84.24

Ordinary Shares Overview (ASX:CAM)

Share Price (at month end)	\$0.875
Rolling 12 Month Dividend	5.0cps
Historical Dividend Yield	5.7%
Percentage Franked	100%
Grossed Up Yield	8.2%
Dividend Reinvestment Plan ("DRP")	Yes ²

² DPR operates at 1% discount to weighted average price of shares sold on the record date and the three preceding dates.

Quarterly Dividends - CAM

CAM currently pays quarterly dividends. On 19 February 2018, the Board declared a fully franked dividend of 1.25cps for the period 1 January 2018 to 31 March 2018 to be paid 27 April 2018. CAM quarterly dividends are generally paid in the months of January, April, July and October.

Quarterly Interest - CAMG

CAM pays quarterly interest to CAM Convertible Note Holders at a coupon rate of 6.25% per annum. The first interest payment of 1.266 cents per note was made on 12 March 2017 for the period 14 December 2017 to 28 February 2018. CAMG quarterly interests are scheduled to be paid in arrears on the 10th Business day following the quarterly periods ending 28 February, 31 May, 31 August and 30 November each year during the term of the Notes.

Portfolio Update

The Clime Capital (CAM) portfolio delivered a return (net of fees) of -0.7% for the month. For the financial year to date, the Clime Capital portfolio has provided a total return (net of fees) of 9.6%.

Within the portfolio, capital allocation decisions are made across a number of asset classes. These are Australian Equities, International Equities, Hybrids and Interest Bearing Securities and both AUD and USD Cash and Equivalents. The Australian Equity asset class exposure encompasses three sub-portfolios: Large Cap, Mid Cap and Small Cap.

The following changes were made to the portfolio for the month of February:

- Australian Equity Large Cap Sub-Portfolio: Introduced new positions in AMC & RIO, added to existing positions in CBA, CSL & SGP, reduced exposure to ANZ & NAB.
- Australian Equity Mid Cap Sub-Portfolio: Added to existing positions in BLD, ECX, IPH & WEB, reduced exposure to APO.
- Australian Equity Small Cap Sub-Portfolio: Introduced a new position in EOS, added to existing positions in HSN & RUL, reduced exposure to CGL & SHM, exited positions in IMF, IDR & MUA.
- International Equity Sub-Portfolio: Introduced a new position in SMSN, exited positions in FB & WFC.

We segment the Company into four sub-portfolios with each component portfolio purposefully designed to deliver stated investment objectives. Key contributors and detractors to the CAM return for the month were:

- Australian Equity Large Cap Sub-Portfolio: Positive contributors CSL (+11.4%), RIO (+6.1%) & NAB (+3.6%), only meaningful detractor RHC (-6.5%).
- Australian Equity Mid Cap Sub-Portfolio: Positive contributors WEB (+16.1%), SEK (+3.4%) & ORA (3.1%), detractors IPH (-33.9%), JHG (-6.7%) & APO (-6.1%).
- Australian Equity Small Cap Sub-Portfolio: Positive contributors HSN (+16.6%) & NCK (+7.9%), detractors MUA (-31.4%), RUL (-13.3%) & SHM (-8.6%).
- International Equity Sub-Portfolio: Positive contributors BKNG (10.5%) & CTSB (9.6%), detractors RBGLY (-13.3%), WFC (-9.3%) & FMS (-4.6%).

As previously articulated, Clime maintains the view that overly accommodative Central Bank policy settings, maintained for too long, have led to extended asset prices and a 'speculative' tone across global investment markets. We see the US Federal Reserve's paring back of overly stimulatory policy measures as being conducive to more efficient capital allocation decisions. While creating some volatility as investors re-evaluate the price paid for future growth, earnings and distributions, we believe this adjustment process ultimately to be beneficial for all investors.

The shift in longer-term bond yields, particularly the US 10-year Treasury note, has been a dominant driver of global investment markets over 2018 thus far. Investors' 're-evaluation of asset values' has caused episodes of sharp volatility, most notably the equity market sell-off seen locally on 6th February this year. As value-based investors, we see this volatility as creating opportunity to selectively deploy capital in compelling investments – and did so meaningfully on 6th February across the large, mid and small-cap sub portfolios.

In Australia, the February and August reporting seasons each year provide the opportunity for the majority of ASX listed companies to present an update on their businesses via their half or full-year results. This wave of new information also provides investors with the chance to re-examine their investment theses and evaluate critical underlying assumptions for businesses' expected journeys ahead.

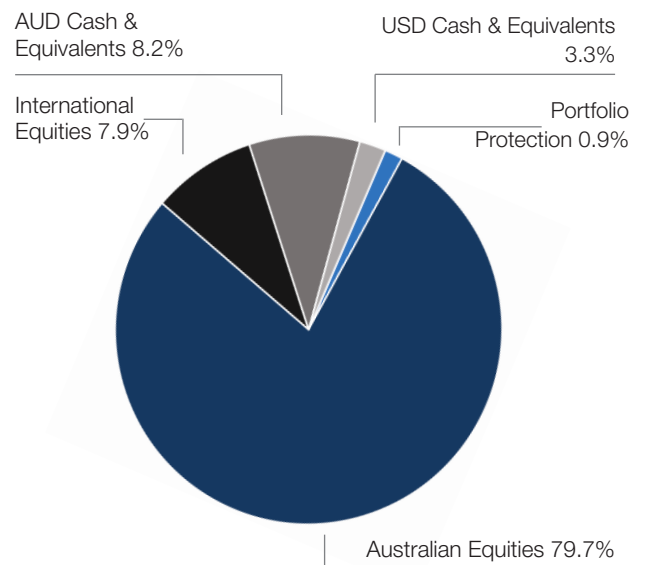
Having successfully navigated the most recent February reporting season. We note the following announcements across the three sub-portfolios:

- Large cap sub-portfolio: solid results and trading updates from CSL and Rio Tinto and a disappointing outlook from Ramsay Health Care.
- Mid cap sub-portfolio: positive results and trading updates from Orora and Webjet and a discouraging result from IPH.
- Small cap sub-portfolio: first rate results and trading updates from Bravura Solutions, Jumbo Interactive, Hansen Technologies and Navigator Global Investments and a disappointing result from Mitula.

Top Holdings (% of Gross Assets)

<i>Australian Equities - Large Cap</i>	
Commonwealth Bank Australia	3.96
National Australia Bank	2.83
Ramsay Healthcare Limited	2.73
<i>Australian Equities - Mid Cap</i>	
Boral Limited	3.10
Janus Henderson Group Plc	3.03
Credit Corp Group	2.64
Orora Limited	2.29
<i>Australian Equities - Small Cap</i>	
Navigator Global Investments Limited	3.60
Collins Foods Limited	3.04
Hansen Technologies Limited	2.87
<i>International Equities</i>	
Booking Holdings Inc	1.37
Alphabet Inc	1.11
Cognizant Tech Solutions	1.00
<i>AUD Cash</i>	
	8.24
<i>USD Cash</i>	
	3.25

Gross Asset Allocation



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